



December 14, 2001

Spending in the Stimulus Bill

At Wednesday's RSC Members Meeting several Members inquired how much of the potential stimulus bill would be devoted to spending. Chairman Shadegg requested that the RSC staff prepare an outline of where we think we are right now and update it as events warrant. The following is based on our most recent information.

Known Spending Components:

PROVISION	COST
"Rebates" (Checks) to Employed Individuals Who Did Not Receive the Previous Rebate Because They Did Not Pay Income Taxes:	\$13.7 Billion
National Emergency Grants (Health Care)	\$3 to \$5 Billion
Unemployment Extension	\$8 to \$10 Billion
TOTAL	\$24.7 to \$28.7 Billion

Other Provisions That Might Score As Spending or Tax Relief Depending on Formulation:

PROVISION	COST
Health Care Tax Credit (If it only applies to COBRA, then it would count as spending. If it permits other options, it will be scored as tax relief.)	Approx. \$5 Billion
TOTAL	Approx. \$5 Billion

Percent of Total Stimulus Bill Devoted to Spending:

Assuming that:

1. the Health Care Tax Credit is **spending** and
2. no other spending provisions are added;

then between 40% and 45% of the bill is spending if the total cost of the bill is \$75 Billion and between 30% and 34% of the bill is spending if the total cost of the bill is \$100 Billion

Assuming that:

1. the Health Care Tax Credit is **tax relief** and
2. no other spending provisions are added;

then between 33% and 38% of the bill is spending if the total cost of the bill is \$75 Billion and between 25% and 29% of the bill is spending if the total cost of the bill is \$100 Billion

Other Potential Spending Items:

There are numerous other provisions that could be added to the stimulus bill that could increase the amount of spending in the bill. In particular, there are proposals on the table to expand eligibility for Medicaid and to increase the federal share of Medicaid costs. Both of these provisions would result in dramatic increases in spending and in the percent of the bill devoted to spending.